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Message Text

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53
ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-02 PA-03

PRS-01 USIA-12 AEC-11 AECE-00 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 INT-08 SCEM-02 RSR-01

/159 W
---------- 105258
P 041052 Z MAY 73
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 3590

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E. O. 11652: N/ A
TAGS: ETRD, JA
SUBJECT: NUCLEAR POWER PLANTS

FOR STR EBERLE/ MACNAMARA; EA/ J - LESTER E. EDMOND

SUMMARY: RECENT NEWS REPORTS DISCUSS SOURCING DOMESTIC POWER PLANTS. END SUMMARY

1. FOLLOWING IS TRANSLATION OF ARTICLE THAT APPEARED IN NIKKAN KOGYO PRESS MAY 3: QTE; IN SPITE OF THE OPPOSITION OF DOMESTIC ATOMIC POWER PLANT MAKERS, USERS OF ATOMIC POWER PLANTS HAVE FIRMED UP THEIR BA MC ATTITUDE THAT " IMPORT LIBERALIZATION OF ATOMIC POWER PLANTS IS UNAVOIDABLE" FOR THE FOLLOWING REASONS: (A) GOJ MAY NOT BE ABLE TO DODGE USG' S STRONG REQUEST FOR IMPORT LIBERALIZATION OF ATOMIC POWER PLANTS AT THE U . S.- JAPAN TRADE TALKS ON MAY 7 IN WASHINGTON; (B) IN VIEW OF ENVIRONMENTAL PROBLEMS FACING PLANT LOCATION, USERS MAY HAVE TO USE THE SAME CAPACITY MODELS AS ALREADY THOSE PRESENTLY IN OPERATION (1).) MILLION KW OR LESS). THUS, DOMESTICALLY MADE PLANTS ARE ADVANT- AGEOUS, EXCEPT FOR TECHNICAL ASSISTANCE AND PARTS PURCHASING, IN
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TERMS OF CONSTRUCTION COST, INSTALLATION TIME, AND MAINTENANCE SERVICES. USERS ARE HOPING THAT DOMESTIC MAKERS WILL IMPROVE THEIR TECHNOLOGICAL LEVEL SO THAT THEY CAN COMPETE WITH FOREIGN SUPPLIERS IN FREE COMPETITION. UNQTE

2. COMMENT: DOMESTIC MANUFACTURERS HAVE LONG ARGUED THAT UTILITIES WOULD FIND IT EASIER TO OVERV
ME ANTI- POLLUTION
FORCES IN JAPAN BY PURCHASING NUCLEAR PLANTS NO LARGER THAN THOSE ALREADY BUILT IN JAPAN. THIS IS FIRST INDICATION, HOWEVER, THAT UTILITIES HAVE ADOPTED THIS ARGUMENT. EMBASSY SPECULATION IS THAT UTILITIES MAY BE SETTING STAGE FOR GOJ SUBSIDIES TO UTILITIES TO PAY FOR IMPORTS OF PLANTS WHOSE TECHNOLOGY ALREADY LICENSED TO DOMESTIC MAKERS.

3. ANOTHER PRESS REPORT (DENRYOKU JIJI TSUSHIN, APRIL 16) STATES THAT " MITI FIRMED UP THE JUDGMENT THAT ADMINISTRATIVELY THERE IS LITTLE ROOM FOR SUCH (NUCLEAR AND FOSSIL POWER PLANT) IMPORTS AND HAS REPORTED THE JUDGMENT TO THE PRIME MINISTER". ACCORDING TO THIS ARTICLE, MITI' S CONCLUSION BASED ON BELIEF THAT " CONDITIONS FOR IMPORT WILL BE WORSE THAN THOSE FOR DOMESTIC MANUFACTURE FOR FOLLOWING REASONS: (A) CONSTRUCTION PERIODS WIL BE LONGER; (B) ARRANGEMENTS FOR PARTS WILL NOT NECESSARILY GO SMOOTHLY; (C) IMPORT DUTIES WILL BE IMPOSED; (D) THERE WILL BE AN ESCALATION CLAUSE.

4. COMMENT: IN DISCUSSIONS WITH LOCAL GE, WESTINGHOUSE REPS, EMBASSY INFORMED OF FOLLOWING RELATED TO ABOVE POINTS: (A) IN GENERAL, CONSTRUCTION PERIODS OF IMPORTED PLANTS COMPARABLE OR SHORTER THAN TIME REQUIRED BY JAPANESE SUPPLIERS. TIME IS GENERALLY 48 MONTHS. FOR EXAMPLE, FUKUSHIMA 6 (BY GE) HAS MARCH 1973 AS START OF CONSTRUCTION, MARCH 1977 AS COMPLETION DATE. IN FACT, GE' LATEST NUCLEAR PLANT (BWR-6- MARK III CONTAINMENT) NORMALLHKCARRIES 44- MONTH CONSTRUCTION TIME, WHICH REPRESENTS FOUR MONTH IMPROVEMENT OVER PREVIOUS US AND JAPANESE CONSTRUCTION PERIODS. WESTINGHOUSE REP ADVISES THAT MULTIPLE IMPORT PURCHASES WOULD RESULT IN SAVINGS OF TIME AND COST; (B) BOTH US FIRMS STATE PARTS SUPPLY BY U. S. FIRMS NO PROBLEM; (C) IMPORT DUTIES HAVE BEEN WAIVED BY GOJ ON THESE IMPORTS. UNLESS GOJ CHANGES ITS POLICY, DUTIES SHOULD NOT BE PROBLEM; (D) GE USES ESCALATION CLAUSE WITH STATED CEILING. ON JAPANESE PRODUCTS, U. S. FIRMS QUOTE IN YEN, IN ACCORDANCE WITH STANDARD JAPANESE
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PRACTICE. ON FUELS, ALL SUPPLIERS, INCLUDING JAPAN NUCLEAR FUELS, USE ESCALATOR CLAUSE.

5. NIPPON KOGYO PRESS CARRIED ITEM APRIL 23 WHICH STATED PRESIDENTS MAJOR JAPANESE HEAVY ELECTRICAL EQUIPMENT MAKERS WERE TO MEET MITI MINISTER NAKASONE APRIL 25 TO ARGUE

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CASE FOR DOMESTIC VS. IMPORTED POWER PLANTS. ACCORDING TO THIS ARTICLE, MAKERS' MAIN ARGUMENTS AS FOLLOWS: (A) SUPPLY OF PARTS, MAINTENANCE AND SERVICE BETTER WITH DOMESTIC MAKERS. COMMENT: BOTH U. S. FIRMS EMPHATICALLY INDICATE THIS IS SIMPLY NOT THE CASE; (B) CONSTRUCTION OF IMPORTED PLANTS EXPECTED TO EXCEED 48- MONTH NORM. COMMENT: SEE RELATED COMMENT ABOVE; (C) PRICE IMPORTED PLANTS " RATHER EXPENSIVE".

COMMENT: PRICE INCLUDES DESIGN ENGINEERING, WHICH TRANSFERRED TO PURCHASER. WESTINGHOUSE ADVISES THAT ITS UNITS MAY EVEN BE LESS EXPENSIVE THAN JAPANESE UNITS, AND THAT MULTIPLE PURCHASING WOULD FURTHER DECREASE COSTS.
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Subject: NUCLEAR POWER PLANTS FOR STR EBERLE/ MACNAMARA; EA/ J - LESTER E. EDMOND SUMMARY: RECENT NEWS REPORTS DISCUSS SOURCING DOMESTIC POWER PLANTS. END SU MMARY
TAGS: ETRD, JA
To: EA
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